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GREAT LAKES NICKEL LIMITED

GREAT LAKES NICKEL LIMITED

THUNDER BAY, ONTARIO, CANADA

HISTORY

Great Lakes Nickel Limited, a Canadian mining company, was formed in 1969 through the merger of Great Lakes Nickel Corporation Limited and Thunder Bay Nickel Corporation Limited. Prior to the merger, each company owned contiguous portions of a large nickel-copper-precious metals ore body, each with significant tonnages. The merger was effected to provide the resource base for a large mining complex and to achieve the economics inherent in a single, large operation.

The developers of the project are Messrs. J. A. McCuaig, H. R. Hogan, I. C. Christopher and W. H. Hood. Well known and highly respected in mining circles, these four men have a total of eight academic degrees in geological sciences, mining engineering, and an average of 20 years each of related experience.

A number of independent consultants are associated with the project. Professor H. Monette of Laval University, Que-

bec City, is retained as mining consultant. Dr. T. Salman of McGill University, Montreal, is retained for the milling work and precious metal studies. Additional test work has been carried out by INCO and the Canadian Department of Energy, Mines and Resources in Ottawa. Jan. H. Reimers and Associates undertook the smelting and refining investigations. Parsons-Jurden Corporation, a mining and metallurgical company, was retained to do detailed feasibility studies. The latter firm, one of the largest in the world, is a recognized authority on feasibility evaluation and the related engineering and construction aspects in the development of a natural resource industry.

Great Lakes Nickel to date has spent more than two million dollars on developing the project. Additional development activities presently under way include further drilling, refining of feasibility studies and other steps necessary to permit an early start on the construction of the facilities for this major mining complex.

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THE ORE BODY

The existence of mineralization in the general area of the Great Lakes Nickel project has been known since the turn of the century. It remained to Dr. McCuaig and Mr. Christopher to recognize (a) the possibility of large reserves and (b) that recent technological and engineering advances opened up a live prospect of economic development.

There are recent precedents for profitable development of known but hitherto untouched ore bodies. The existence of base metals at Pine Point, Northwest Territories, was known for decades prior to development. The existence of reserves at Peachland, British Columbia, has been known for almost as long. Both were developed as a product of transportation and technological advances and both are now actually or potentially rich properties.

Great Lakes Nickel Limited has to date outlined an ore body of 106 million tons with a grade of 0.40 per cent copper, 0.20 per cent nickel and with a recoverable precious metal value of \$1.75 per ton.

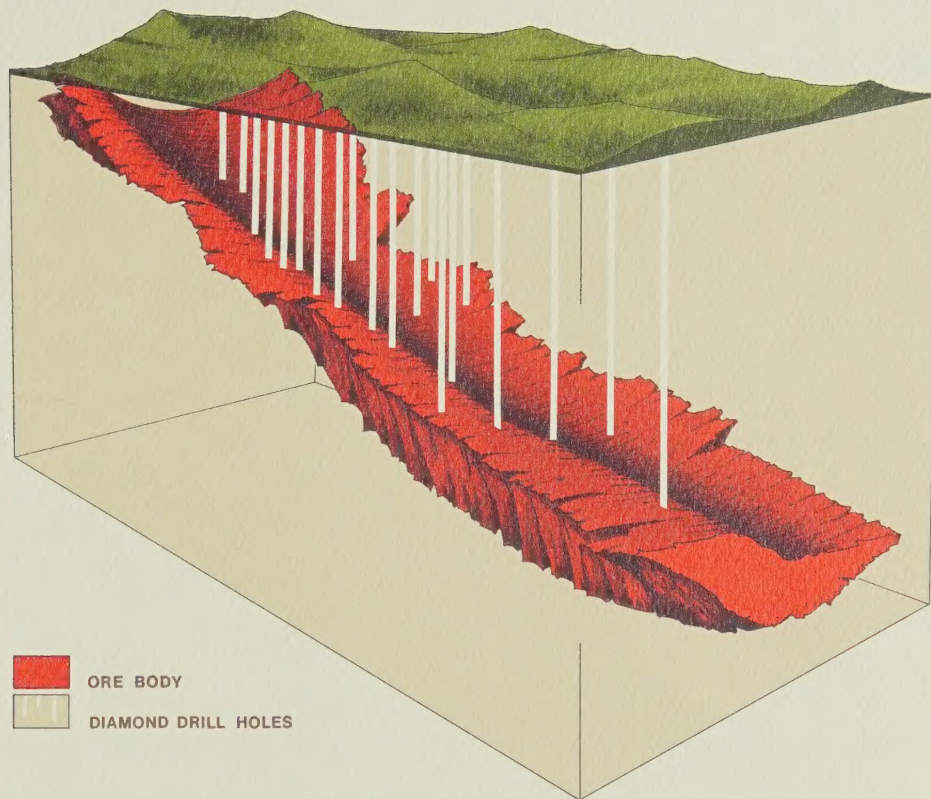
Geologic information from diamond drilling and surface exploration indicates the probability of large additional reserves on the Great Lakes Nickel claims. However, considering the 106 million tons of ore delineated, the mine life will be at least 17 years, at a planned production rate of six million tons per year.



Feasibility studies have been based upon this tonnage. However, if the established mineralized area is extended

into the surrounding slightly lower grades, the tonnage is increased to 142 million tons with 0.37 per cent copper and 0.18 per cent nickel. If it is extended further, the tonnage increases to 200 million tons of 0.33 per cent copper and 0.16 per cent nickel. In both cases, the precious metals content is in direct proportion to the nickel grade.

The ore itself is an anorthositic gabbro containing copper and nickel sulphides with significant recoverable precious metals, namely platinum, palladium, rhodium, gold and silver. As is well known, copper and nickel sulphides can be processed at significantly lower cost than the lateritic nickel deposits currently under development.

The economic feasibility and profitability of the project is due in part to the nature of the mineralization and in part to the nature of the ore body. The ore body has been explored by diamond drilling to a length of 10,700 feet and an average width of 1,000 feet. In the area that it is proposed to mine, it averages about 100 feet thick. The size and disposition of the ore body permits the use of low cost trackless mining and bulk handling techniques. The mineralization is unusually uniform throughout the ore body. The sulphide mineralization is such that a ratio of concentrate of 33:1 can be achieved in the milling operation. This will result in a high-grade concentrate and economical smelting and refining procedures.



 ORE BODY
 DIAMOND DRILL HOLES

PORTION OF ORE BODY



GREAT LAKES NICKEL — THUNDER BAY, ONTARIO

PROPOSED DEVELOPMENT

Location

The geographical location of the Great Lakes Nickel mine site will provide many advantages in both construction and operation stages. Transportation, communications, electrical power, gas and water are all readily available.

The ore body is located in Pardee Township in the Thunder Bay district of Northwestern Ontario. The site is 40 miles southwest of Thunder Bay, and connects by seven miles of gravel road to a hard-surfaced, main commercial highway. Thunder Bay, a city of 100,000 people, will provide a comfortable living area for the families of the 1,200 employees at Great Lakes Nickel.

The site is five miles from the navigable waters of Lake Superior, and the St. Lawrence Seaway provides an immediate and economical route to world markets.

Electrical requirements have been estimated at 65,000 kilowatts per year. This power is readily available from an Ontario Hydro-Electric Commission power grid 40 miles from the mine site.

A main, cross-country gas pipeline close to the site will provide all gas requirements.

Water will be provided through pumps and a pipeline from Lake Superior and so will be available in unlimited supply at a reasonable cost.

All plant facilities, such as the mill, smelter, refinery, general offices, warehouses, shops, change houses and laboratories will be constructed at the mine site.

Mining

Mining will be underground. The primary method used will be sub-level long-hole open stoping followed by sub-level caving techniques for pillar recovery. Stopes and pillars will be at right angles to the longitudinal dimension of the ore body. The sub-level caving technique was first developed in the Kiruna ore body in Sweden and is currently being used by INCO in its Stobie mine at Sudbury, Ontario. It is a low cost method and is particularly suited to the Great Lakes mining operation because of the uniform mineralization, the good "ground" characteristics of the ore body and host gabbro, and the opportunity for using bulk handling techniques. Initially, two main production shafts are planned, one of which will be sunk to a depth of 1,800 feet and the other to 2,500 feet. Each of the main shafts will have its own services and so, in fact, there will be two self-contained mines.

Horizontal drifts will be driven parallel to the margins of the ore body and cross cuts will be driven from these drifts to develop the stoping blocks and extract the ore. A system of ore and waste passes will be installed. These will feed into a main crusher located under the "keel" of the ore body and opposite each shaft. The ore will be crushed to 8 inches, conveyed to a shaft storage bin and from there it will be hoisted 1,000 feet to an upper shaft storage bin. An incline conveyer will then carry it to the fine crushing plant on the surface.

The ore will be mined at the rate of approximately 24,000 tons per day, on a 5 day per week basis.

Milling

On the surface it will be crushed further in a fine crushing plant and ground in rod and ball mills until it is reduced to approximately the fineness of cement — 60 per cent minus 200 mesh.

The copper and nickel sulphides and the precious metals will be separated from the host rock by a flotation process with an intermediate regrinding stage. A concentration ratio of approximately 33:1 will be achieved.

The resulting concentrate will contain 12.3 per cent copper and 5.3 per cent nickel, plus the precious metals. Recoveries of copper and nickel are, respectively, expected to be approximately 94 per cent and 81 per cent, based on projections from the pilot plant scale tests and laboratory tests which resulted in estimated recoveries of 92.7 per cent and 80.5 per cent, respectively, for copper and nickel. The concentrate will be thickened to 60 per cent solids and pumped to the smelter.

Milling will be at the rate of about 17,000 tons per day on a 7 day per week basis for an annual total of six million tons of ore.

Smelting

It is planned to use the flash smelting and sulphur recovery process developed by Outokumpu Oy in Finland. These are well-established and proven processes that have the additional advantage of being able to comply with all present and foreseeable pollution control requirements.

Refining

The Outokumpu Oy refining process will be used. The process has been successfully employed for ten years at the nickel refinery in Harjavalta, Finland, and for shorter periods in other mines throughout the world.

In the refinery, the matte will be ground, then leached with air injection in the leaching tanks. There will be four leaching stages and at various stages in the process the leach solutions will be passed through electrowinning cells where the copper and nickel will be isolated.

After further treatment a high grade sludge, containing all the precious metals, is produced. This will be marketed to precious metal refineries throughout the world.

Tailings Disposal

A clay core, rock-fill dam will be constructed to permit the tailings to be impounded in a valley south of the mine. This area is sufficient to contain all the tailings produced during the proposed life of the mine. Most of the water pumped to the tailings pond will be recirculated.

THE PRODUCT

The Great Lakes Nickel mine will produce three major products: electrolytic nickel, electrolytic 'wire bar' copper and a very high grade precious metals sludge. Its two lesser products will be minor quantities of cobalt hydroxide and elemental sulphur.

On the basis of the data presently available, annual production is projected below:

Product	Pounds	Ounces
Copper	43,500,000	
Nickel	18,660,000	
Platinum		34,000
Palladium		136,000
Rhodium		2,600
Gold		10,500
Silver		350,000

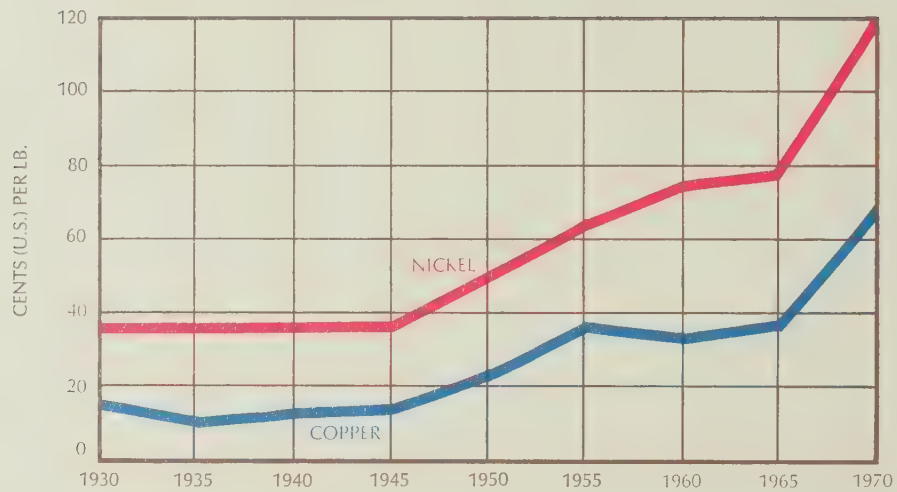
THE MARKET

Current and projected markets for copper, nickel and the precious metals strongly indicate very good future markets for GLN's mined products.

Feasibility projections have been based upon first quarter 1970 prices. There is every indication that the long-term upward trend in the price of copper and nickel will continue. Although the economic feasibility is based upon copper and nickel prices prevailing today, it is reasonable to anticipate that the returns will be higher than current prices, implying a favourable impact on earnings.

The graph on the following page illustrates the general upward trend of copper and nickel prices over the past forty years. It shows very clearly that, in spite of the decline in copper prices in the mid-1950's, the direction of the trend has never altered. On the basis of many analyses of the supply-demand relationships and the projections for the future, there is no apparent basis for anticipating any major and continuing decline in prices. On the contrary, it is reasonable to assume that although there may be cyclical swings, the trend will continue upwards.

The projected life of the mine is a minimum of 17 years which is long enough to bridge a cyclical down-turn in product price. In addition, the GLN mine will have a good product mix — copper, nickel and precious metals, and if there is a decrease in price of one metal there very well could be an offsetting rise in the price of one of the others. This is a definite advantage over a mine that is predominantly producing a single product.



NICKEL & COPPER PRICES 1930-1970



OWNERSHIP AND MANAGEMENT

To create a competent financial, development and management team, the developers, Messrs. McCuaig, Hogan, Christopher and Hood, have retained the services of International Capital Corporation and Acres Limited.

International Capital Corporation is a private merchant bank recently formed with the Royal Bank of Canada, United Corporation Limited and Acres Limited as the principal shareholders. ICC will act as financial advisers.

Acres Management Services Limited, a subsidiary of Acres Limited, has assumed responsibility for management until all debt money is repaid. Acres Management Services is forming, from present staff and other selected specialists, a highly skilled management, engineering and construction team capable of bringing the mining complex into profitable production. Acres Limited, in conjunction with Bechtel Limited, is presently performing a comparable function in the \$900 million Churchill Falls Power Project in the Labrador.

OF INTEREST...

- A large, known ore body with economically recoverable nickel, copper and precious metals. Diamond drilling is still in progress and continues to expand the ore picture. Ore ultimately developed will be considerably greater than the ore body presently delineated
- An operating life of more than 17 years at a production rate of 6 million tons per year and considering only the delineated ore body
- A location close to a city — no mine town site required — operating services close by — attractive living environment
- Personnel readily available
- Convenient Electricity, Gas and Water
- Excellent transportation facilities
- An experienced management team

GREAT LAKES NICKEL LIMITED

Officers and Directors

President	JAMES A. McCAIG, Ph.D.
Secretary-Treasurer	L. AUSTIN MURPHY, Q.C.
Directors:	IVAN C. CHRISTOPHER, Ph.D. WALTER H. HOOD, B.Eng. HOWARD R. HOGAN, Ph.D. JAMES H. McDOUGALL, M.B.A. C. NORMAN SIMPSON, B.Sc. BURKE A. BROWN, M.A.
General Manager	L. R. O. WATTE, B.Sc.

GREAT LAKES NICKEL LIMITED

c/o Acres Management Services Limited, 20 Victoria Street, Toronto 210 Ontario, Telephone: (416) 362-6131

GREAT LAKES NICKEL
LIMITED

ANNUAL REPORT

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James A. McCuaig	—	President
J. Austin Murphy		Secretary-Treasurer
Burke Brown	—	Director
Ivan C. Christopher		Director
Howard R. Hogan		Director
Walter H. Hood		Director
James H. McDougall	—	Director
C. Norman Simpson		Director
General Manager	—	J. R. O. Walli, P. Eng.
General Counsel		J. Austin Murphy
Auditors		Deloitte, Plender, Haskins & Sells
Consulting Engineers		H. Monette, P. Eng. Jan H. Reimers, P. Eng. T. Salman, Ph.D.
Head Office	—	Suite 203, 8 King St. West, Toronto, Ontario.
Executive Office	—	Suite 1520, 360 St. James St. West, Montreal, Quebec.

GREAT LAKES NICKEL LIMITED

TO THE SHAREHOLDERS:

During 1969, major steps were taken toward the day when the Great Lakes Nickel mine will be a large and profitable mining and metallurgical complex. The year 1969 saw the amalgamation of Great Lakes Nickel Corp. Limited and Thunder Bay Nickel Mining Corporation Limited - a move which has given your company the combined ore reserves that will greatly enhance the profitability of the future mining operation and will assist in the raising of the major financing.

Since the amalgamation in August 1969 your company has continued diamond drilling and has intensified studies of all phases of the proposed mining complex. This has been a joint effort by Acres Management Services Limited, the company's consultants, and Parsons-Jurden Corporation.

Parsons-Jurden Corporation, a subsidiary of the Ralph M. Parsons Company, was engaged in 1969 to make a revised and more detailed feasibility study of the proposed project based on the latest data, the latest plant site and the latest process design concepts. The purpose of this more detailed and accurate study was to provide the basis for preparing a financing plan to implement the project. The above firm, one of the largest in the world, is highly respected as an authority on feasibility evaluation and the related engineering and construction aspects in the development of a natural resource industry.

Acres Management Services Limited a subsidiary of Acres Ltd., one of Canada's largest engineering consulting firms, have been retained to put in place an experienced and skilled management group and supervise the project during its early stages.

During 1969 International Capital Corporation Ltd. were retained as financial consultants to have the sole responsibility for providing financial resources to undertake construction and to bring the property to the production stage. (The shareholders of I.C.C. are the Royal Bank of Canada, United Corporations Ltd. and Acres Ltd.).

In January of 1970 the company appointed Mr. J. R. O. Walli, P. Eng., as general manager. Mr. Walli, a Canadian mining engineer, was raised in the mining environment of Northern Ontario and graduated from Queens University. His experience has ranged from exploration and lease mining in the Yukon and Northwest Territories to construction and operation of the Gunnar uranium mine and construction of mining plants at three major Saskatchewan potash facilities. Until recently, he was in charge of a major copper development in Chile. Mr. Walli is in his early forties. We consider Mr. Walli's appointment a very fortunate acquisition for Great Lakes Nickel Limited. His report as general manager is enclosed.

The Parsons-Jurden report referred to in our letter of January 14, has been received. We had planned to have the report much sooner, but we and our consultants felt that some additional work on such aspects as pollution control should be done before making final decisions. As you will appreciate, pollution is now a very important aspect of any processing plant such as our proposed smelter-refinery complex, and the cost impact of this must be taken into account. We are pleased to report that the chosen processes and design will assure the maximum protection against pollution. The Parsons-Jurden study was based on mining and treating six million tons of ore per year. The highlights of this report are as follows:

Exploration work already done on the north arm of the Great Lakes Nickel intrusive is considered adequate to have developed in excess of 100 million tons of indicated ore reserves, in place, containing approximately 0.40 percent copper, 0.20 percent nickel, and a significant precious metal content.

The 100 million tons occurs in a strike length of 10,700 feet, whereas the property has a strike length of over 4 miles of favourable host rock for sulphide mineralization.

The operating costs will compare favourably with those prevailing in the mining industry.

The project, including all processes and designs, is technically and economically feasible.

At the 6 million ton per year rate, the estimated direct capital cost developed in this study for the entire project ranges from \$108,850,000 to \$113,350,000, depending upon the degree of sulphur recovery provided for in pollution control. This does not include contingencies, escalations of financing costs.

The value of the plants products as estimated in the Parsons-Jurden report were calculated to be between \$67,315,000 and \$68,155,000 annually. This was based on the producers' price of nickel in February 1970 and a composite price for copper based on selling 80 % at L.M.E. average for February 1970 and 20 % at the domestic Canadian producers' price for the same period.

The yearly operating costs are estimated to be between \$24,030,000 and \$25,111,000.

The gross annual operating profit for the proposed plan was estimated to be between \$43,285,000 and \$43,044,000, with the lower figure prevailing when the degree of sulphur recovery is maximum. (The sulphur recovery contemplated is solely for the purpose of air pollution control.). This is before taxes, interest and debt repayment.

It is obvious from the foregoing that the returns amply justify the capital expenditure. Your Board is taking steps through its financial advisers, International Capital Corporation, to raise the necessary funds.

All reserves reported to date have been limited to the drilling carried out on the north arm of the gabbro intrusive. A cross-section started on the south gabbro arm has also encountered sulphide mineralization of similar type and attitude as that in the north arm.

Geological mapping has indicated that the favourable gabbro host rock in the south arm also extends onto the northern part of the Norway Lake property which is located immediately south of Great Lakes Nickel property.

Your company has been fortunate in arranging to acquire control of an additional 26 mining claims covering approximately 1,040 acres from Norway Lake Iron Mines Ltd. We have undertaken to do required assessment work on these claims on or before the 29 October 1970, involving an expenditure of approximately \$25,000. In consideration of such expenditure a new company will be formed in which Great Lakes Nickel Limited will receive two-thirds of vendor's stock and Norway Lake one-third. In addition, expenditures made by us prior to incorporation.

of the new company will be refundable to Great Lakes Nickel Limited through the issuance of shares to Great Lakes Nickel Limited in the new company at minimum prices.

The possible implementation of the White Paper has been carefully studied to determine its effect on our financing plan. We are pleased to say that, though not as profitable as under present tax laws, Great Lakes Nickel is a viable and profitable operation under the terms of the White Paper.

Acres Management Services is proceeding with preparation and implementation of a project plan, based on the Parsons-Jurden report. Subject to the successful conclusion of current negotiations for financing, this plan will ensure that an early start can be made on shaft sinking. This is most important to minimize the problems of winter construction and to get our mine into production at as early a date as possible.

The confirmation by Parsons-Jurden of the feasibility and potential profitability of our mine is most encouraging. Financial negotiations are presently underway, and when completed shareholders will be advised.

Your directors express their deep gratitude to all the staff and consultants plus the general manager Mr. Walli, the resident manager Mr. A. W. Grant, Mr. Frank M. Stephens, vice-president of Parsons-Jurden, and Mr. J. M. Bridgman of Acres Management Services for the progress recorded in 1969.

James A. McCuaig
President
On Behalf of the Board of Directors

**The President and Directors
Great Lakes Nickel Limited**

Gentlemen:

It is a pleasure and an exciting challenge to be associated with the Great Lakes Nickel project as your General Manager.

Since January I have studied the antecedent data, verified the technical feasibilities of the mining and processing plans, and examined the Parsons-Jurden Feasibility Study in detail. I am happy to report that nowhere do I detect any technological uncertainties nor any improbabilities in the estimates of the capital and operating costs. I am certain the project will become a large and profitable mining-milling-smelting and refining complex.

Administrative and construction plans, and certain engineering details are already in an advanced stage of preparation. This will permit the project to move quickly into the construction phase as soon as the major funds are assured. Using the latest computer techniques, an evaluation and analysis of the construction and operational financial aspects has been completed. A management plan has been developed with construction and operation organization charts and corporate operating expense. Certain key personnel have been interviewed and are prepared to join the company. Contacts with the various authorities and agencies have been made with respect to pollution problems, hydro and gas services, and surface right acquisition. No problems are foreseen. The Finnish company, Outokumpu Oy, whose processes will be employed for the flash smelting, the sulphur recovery and the electrowinning, has given its strongest assurances of co-operation and assistance in process technology, personnel training and start-up. Such co-operation from Outokumpu virtually assures the success of the smelting and refining processes.

Present work includes the preparation of critical path construction schedules, logic diagrams, construction cash requirements charts, an integrated cost control and job progress system, an accounting system, and engineering details for the early critical path items.

The mining method and the large tonnage requirement (24,000 tons per day) dictates an extensive mine development programme; this includes two main shafts totalling 4,300 feet, 82,000 linear feet of lateral and ramp work, 25,000 linear feet of ore and waste passes and 1,900,000 cubic feet of station, crusher room and bin excavations.

I would like to acknowledge and commend the excellent work done by the company's technical consultants - Professor H. Monette, Dr. Tal Salman and Mr. Jan H. Reimers, who have developed and/or selected the proposed mining methods and treatment processes.

The support and co-operation of the President and Directors during this critical period has been greatly appreciated.

Respectfully submitted,

J.R.O. Walli, B.Sc., P. Eng.
General Manager

DELOITTE, PLENDER, HASKINS & SELLS

Offices throughout Canada and associated firms throughout the world Chartered Accountants

SUN LIFE BUILDING, MONTREAL 110, CANADA

To the Shareholders of
Great Lakes Nickel Limited:

We have examined the balance sheet of Great Lakes Nickel Limited as at December 31, 1969 and the statements of contributed surplus, deficit, development and administrative expenses deferred and source and application of funds for the three months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the period then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

DELOITTE, PLENDER, HASKINS & SELLS

January 26, 1970

Auditors.

GREAT LAKES NICKEL LIMITED (NOTE 1)
(Incorporated under the Corporations Act, Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1969

ASSETS

CURRENT ASSETS:

Cash and short term deposits	\$ 669,578
Accounts receivable (Note 2)	<u>16,017</u>
Total current assets	<u>685,595</u>

FIXED ASSETS:

Machinery and equipment – at cost	139,296
Less accumulated depreciation	<u>90,352</u>
	48,944
Mining properties and land (Note 3)	<u>115,746</u>
Net fixed assets	<u>164,690</u>

DEVELOPMENT AND ADMINISTRATIVE EXPENSES DEFERRED 2,285,523

TOTAL ASSETS \$3,135,808

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued charges	<u>\$ 184,633</u>
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SHAREHOLDERS' EQUITY:

Capital stock:	
Authorized:	
5,000,000 shares of \$1 each	
Issued and fully paid:	
2,574,956 shares (Note 4)	2,574,956
Premium less discount thereon	<u>122,153</u>
	2,697,109
Contributed surplus	517,507
Deficit	<u>(263,441)</u>
Net shareholders' equity	<u>2,951,175</u>

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$3,135,808

Approved by the Board:

..... James A. McCuaig Director

..... J. Austin Murphy Director

The accompanying notes are an integral
part of the financial statements.

GREAT LAKES NICKEL LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE THREE MONTHS ENDED DECEMBER 31, 1969

FUNDS PROVIDED:

Working capital of amalgamating companies:

Great Lakes Nickel Corp. Limited	\$ 91,159
Thunder Bay Nickel Mining Corporation Limited	<u>154,301</u>

245,460

Sale of capital stock	<u>640,011</u>
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Total funds provided.....	885,471
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FUNDS APPLIED:

Machinery and equipment additions	663
Expenses of amalgamation	9,973
Development and administrative expenses	\$ 377,222
Less depreciation	<u>3,349</u>
	<u>373,873</u>

Total funds applied	<u>384,509</u>
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WORKING CAPITAL AT DECEMBER 31, 1969	<u>\$ 500,962</u>
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The accompanying notes are an integral
part of the financial statements.

GREAT LAKES NICKEL LIMITED

STATEMENT OF DEVELOPMENT AND ADMINISTRATIVE EXPENSES DEFERRED

FOR THE THREE MONTHS ENDED DECEMBER 31, 1969

Great Lakes
Nickel Corp. Limited

DEVELOPMENT EXPENSES:

Assays and ore testing	\$ 24,251
Board	(16,744)
Contract Drilling	30,797
Consulting fees and expenses	196,990
Depreciation	49,757
Equipment rental	31,350
Food	19,308
Gas and oil	31,192
Insurance, taxes and licences	14,502
Labour	295,133
Milling smelting and refining tests	66,022
Repairs and maintenance	42,970
Supervision	49,033
Supplies	137,827
Surveys	4,133
Telephone	4,537
Travelling	24,923
TOTAL	<u>1,005,981</u>

ADMINISTRATIVE EXPENSES:

Depreciation	962
Directors' remuneration (including officers)	1,700
Financial consultants' fees	-
Insurance and taxes	2,194
Legal and audit	32,379
Managerial and technical services	24,636
Printing and office supplies	14,843
Public relations	6,635
Rent and office services	40,232
Telephone	9,230
Transfer agents' fees	7,626
Travelling	5,322
	<u>145,759</u>
Deduct interest on term deposits	45,264
TOTAL	<u>100,495</u>

TOTAL DEVELOPMENT AND ADMINISTRATIVE EXPENSES DEFERRED \$1,106,476

Expenses of Predecessor Companies

Thunder Bay
Nickel Mining
Corporation Limited

Total

Three Months
Ended December
31, 1969

Total to
December
31, 1969

\$ 8,808	\$ 33,059	\$ 1,407	\$ 34,466
(7,965)	(24,709)	(1,042)	(25,751)
120,388	151,185	-	151,185
59,106	256,096	75,086	331,182
42,951	92,708	3,331	96,039
25,537	56,887	152	57,039
19,025	38,333	2,335	40,668
19,908	51,100	2,845	53,945
7,734	22,236	608	22,844
208,681	503,814	29,017	532,831
-	66,022	1,200	67,222
42,105	85,075	4,501	89,576
53,431	102,464	7,300	109,764
108,447	246,274	4,273	250,547
22,275	26,408	-	26,408
3,188	7,725	478	8,203
9,195	34,118	1,090	35,208
<u>742,814</u>	<u>1,748,795</u>	<u>132,581</u>	<u>1,881,376</u>

487	1,449	18	1,467
1,200	2,900	34,000	36,900
-	-	96,000	96,000
1,362	3,556	-	3,556
21,576	53,955	5,500	59,455
21,761	46,397	101,573	147,970
7,662	22,505	1,283	23,788
4,001	10,636	2,103	12,739
38,496	78,728	6,941	85,669
6,190	15,420	1,776	17,196
2,935	10,561	2,373	12,934
2,928	8,250	2,159	10,409
108,598	254,357	253,726	508,083
49,587	94,851	9,085	103,936
59,011	159,506	244,641	404,147
<u>\$801,825</u>	<u>\$1,908,301</u>	<u>\$377,222</u>	<u>\$2,285,523</u>

GREAT LAKES NICKEL LIMITED

STATEMENT OF CONTRIBUTED SURPLUS

FOR THE THREE MONTHS ENDED DECEMBER 31, 1969

Surplus arising from the cancellation of 784,291 shares of the capital stock of Thunder Bay Nickel Mining Corporation Limited (predecessor company)	\$ <u>517,507</u>
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STATEMENT OF DEFICIT

FOR THE THREE MONTHS ENDED DECEMBER 31, 1969

Incorporation expense of Thunder Bay Nickel Mining Corporation Limited (predecessor company)	\$ 6,012
Deficit of Great Lakes Nickel Corp. Limited (predecessor company)	247,456
Legal and other costs of amalgamation	<u>9,973</u>
BALANCE AT DECEMBER 31, 1969	\$ <u>263,441</u>

The accompanying notes are an integral
part of the financial statements.

GREAT LAKES NICKEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1969

1. Corporate Amalgamation:

By indenture dated May 15, 1969, Great Lakes Nickel Corp. Limited and Thunder Bay Nickel Mining Corporation Limited agreed to amalgamate under the provisions of the Corporations Act, Ontario to form Great Lakes Nickel Limited. This agreement was confirmed by Letters Patent dated August 20, 1969 and the operations of the two companies were merged effective September 30, 1969.

2. Accounts Receivable:

Included in accounts receivable is an amount of \$12,600 due by Hanna Gold Mines Ltd. of Toronto. By subordination agreement, the company has waived its rights to collect or enforce payment of this account until September 1, 1970.

3. Mining Properties and Land:

Mining properties and land consist of patented lots, leases, mining claims and land located in Pardee Township, Ontario, acquired by the predecessor companies. Of the total cost of \$115,746, the amount of \$51,246 was paid in cash and the balance of \$64,500 by the issue of shares of capital stock.

These properties and land have been, or are in process of being, transferred into the name of Great Lakes Nickel Limited.

4. Capital Stock:

(a) During the period ended December 31, 1969 shares of capital stock were issued as follows:

(I) To the shareholders of the predecessor companies, one share of Great Lakes Nickel Limited for each outstanding share of such companies:

(a) For shares originally issued for mining properties	1,275,000
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(b) For shares originally issued for cash	<u>1,213,168</u>
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2,488,168

(II) For cash of \$640,011	<u>86,788</u>
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Total shares issued to December 31, 1969

2,574,956

For further information please contact:

Mr. C. W. Pittman
Acres Management Services Limited
20 Victoria Street
Toronto, Ontario

362-6131

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FOR IMMEDIATE RELEASE

Today, at the Annual Meeting of Great Lakes Nickel Limited, the company President, Dr. J. A. McCuaig, discussed the plans for the construction of the Great Lakes Nickel mine in Northwestern Ontario. The company has ore reserves of 106 million tons containing 0.40% copper, 0.20% nickel and recoverable precious metals. The site of the proposed mining complex is 40 miles Southwest of Thunder Bay, Ontario.

In his report, Dr. McCuaig stated that the company has received and studied a feasibility report prepared by Parsons-Jurden Corporation, a subsidiary of the Ralph M. Parsons Company. The report confirms the feasibility and potential profitability of the company's proposed 6 million tons per year mining-milling-smelting and refining complex. Estimated direct capital costs are approximately \$110 million. This does not include escalation, contingencies or financing charges.

The President stated that the studies conclude that, despite the White Paper, the project is economically viable and that,

as soon as financing is arranged, the company plans to proceed with the project. In full operation, the Great Lakes Nickel complex will employ approximately 1200 people.

June 29, 1970

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to be in the hands of the people. The people are the only ones who can
make the right use of the power. The people are the only ones who can
make the right use of the power.

THE END